HOUSING

Findings Summary

HOUSING UNITS

- Low-density residential development characterizes the region.
- Concentrations of vacant units exist throughout the region, but many of these are seasonal units.
- Single-family detached units and mobile homes comprise the bulk of the region’s housing stock.
- The region has a high rate of owner occupancy.
- The majority of the region’s housing units were built after 1970.

HOUSING VALUES, SALES, & RENTALS

- The region’s median home values exceed those of the state but are lower than the national median.
- Median home values vary widely within Anderson, Blount, Knox, and Loudon counties.
- Regional residential construction and sales have declined sharply during the economic recession.
- The region’s rental market remains strong.

HOUSING & TRANSPORTATION AFFORDABILITY

- Housing costs generally are affordable within the region.
- Combined transportation and housing costs are very unaffordable for most families in the PlanET region.
- Location efficiency varies across the region.

HOUSING GROWTH

- Regional housing demand is projected to increase.

The region’s housing is overwhelmingly characterized by single-family units built at low densities in rural settings or suburban subdivisions. Although widely affordable, this type of residential development offers limited choices for the region’s increasingly diverse population. Most of these housing units are not near employment and commercial centers, which forces residents to drive to access jobs, shopping, and services. Despite low housing costs in comparison to many other metropolitan areas, the majority of the region’s neighborhoods are unaffordable to average households due to the high costs associated with transportation.
Key Findings

HOUSING UNITS

• Low-density residential development characterizes the region. Within a nearly 2,000-square mile region, residential units exist in a fairly low-density range of 0.05 units per acre in Union County to 0.6 units per acre in Knox County. When only residential acreage is considered (approximately 222,151 acres), net residential density rises to roughly 1.4 units per acre. However, a recent study by Smart Growth America ranked the Knoxville MSA as the eighth most sprawling metropolitan area among the 83 metropolitan areas studied. The ranking was based on residential density, mix of homes, jobs and services, strength of activity centers/downtowns and accessibility of the street network. Knoxville ranked first in the factor measuring lowest residential density.

• Concentrations of vacant units exist throughout the region, but many of these are seasonal units. Although residential growth is projected for the region (see below), concentrations of vacant units currently exist in several communities throughout the region. In 2010, the overall vacancy rate for the region was 9.7 percent, with Union County having the highest county vacancy rate at 17.5 percent. Although some of these units may be in disrepair or may be vacant as a result of the recent residential market downturn, “vacancy” also includes what the U.S. Census Bureau defines as units which have a “seasonal, recreational, or occasional use.” The PlanET region has a high number of second/seasonal homes, especially near its major recreational areas and retirement centers: over 40 percent of the “vacant” units in Union County fall into this category, along with 26 percent in Blount County and 20 percent in Loudon County.

• Single-family detached units and mobile homes comprise the bulk of the region’s housing stock. In 2010, sixty-nine percent of the region’s housing units were the traditional single-family detached home. This is higher than the national average of 61.4 percent and slightly higher than the rate for Tennessee as a whole (68.3 percent). Loudon County (75.6 percent) and Blount County (74.4 percent) had the largest percentage of single-family detached units. Moreover, these two counties had high percentages of mobile homes: 13.5 percent and 13.0 percent, respectively. Union County had a lower percentage of single-family detached units (64.5 percent) but a high percentage of mobile homes (28.9 percent). Knox County and Anderson County had the lowest single-family detached and mobile home percentages due to the larger supply of multi-family units in each county (see Table 25). Knox County in particular had a high percentage of multi-family units (17.8 percent), due in large part to its student population that constitutes a large part of the rental market.
Table 25: Housing Unit Type, 2010

<table>
<thead>
<tr>
<th>Structure Type</th>
<th>Percentage of Structure Type</th>
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<tbody>
<tr>
<td></td>
<td>Anderson County</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Single-family detached</td>
<td>70.2</td>
</tr>
<tr>
<td>Single-family attached</td>
<td>1.8</td>
</tr>
<tr>
<td>Duplex, triplex, or quadruplex (2-4 units)</td>
<td>6.0</td>
</tr>
<tr>
<td>Multi-family (5 or more units)</td>
<td>9.9</td>
</tr>
<tr>
<td>Mobile home</td>
<td>12.1</td>
</tr>
</tbody>
</table>


- **The region has a high rate of owner occupancy.** The percentage of residents who own their housing units is higher for the PlanET region than for Tennessee and the United States. More than 69 percent of the region’s occupied units are owner-occupied, compared to 68 percent in Tennessee and 65 percent across the United States.

Ownership rates are highest in Loudon, Union, and Blount counties (see Table 26). This correlates with their higher percentages of single-family housing and mobile homes (see above). Knox County has the highest percentage of renters (nearly 34 percent) in the region, which is unsurprising given its urban nature and the more than 10,000 students who live in off-campus housing.

Table 26: Housing Tenure, 2010

<table>
<thead>
<tr>
<th>Percentage of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-occupied</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Renter-occupied</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, Decennial Census (2010)
- **The majority of the region's housing units were built after 1970.** The 2010 American Community Survey indicates that the majority of the region’s housing units (52%) were built between 1970 and 2000, but over a third were built more than forty years ago. Among these older neighborhoods are model planned communities developed by the Tennessee Valley Authority, including the town of Norris in Anderson County, and World War II-era housing in Oak Ridge, associated with the Manhattan Project/Oak Ridge National Laboratory and originally intended to be temporary.

**HOUSING VALUES, SALES, & RENTALS**

- **The region’s median home values exceed those of the state but are lower than the national median.** The median home value in the five-county region was estimated at $148,000 in 2010. This figure was higher than Tennessee’s median home value of $134,000, but lower than the national median of $188,400.

- **Median home values vary widely within Anderson, Blount, Knox, and Loudon counties.** On the county level, Loudon County had the highest median values and Union County had the lowest in 2010. However, an analysis of the region’s census tracts shows that median values varied significantly within all counties other than Union County. For example, Anderson County and Knox County had census tracts with median values under $80,000 adjacent to those with median values over $220,000 (see Map 15). Median values were generally the same across all Union County census tracts: between $80,000 and $100,000. Western Knox County and eastern Loudon County had concentrations of homes with median values exceeding $175,000.
Map 15:

2010 Median Home Value

- $80,000
- $90,000 - $100,000
- $100,000 - $125,000
- $125,000 - $140,000
- $140,000 - $155,000
- $155,000 - $175,000
- $175,000 - $220,000
- $220,000 +

PlanET Counties

Median Home Value by Census Tract

ANDERSON
KNOX
LOUDON
BLOUNT

Great Smoky Mountains National Park
- **Regional residential construction and sales have declined sharply during the economic recession.** According to a Comprehensive Housing Market Analysis for the PlanET region prepared by the U.S. Department of Housing and Urban Development, the region’s sales housing market is currently soft due to decreased demand as a result of a slower economy. The pace of home sales has continued a gradual decline since 2005, when the annual volume reached its peak at 15,400 homes sold. Sales of existing homes only reached 9,475 in 2009 and 9,125 in 2010. In response to these declining scales, new home construction activity continues to decline. Single-family construction building permits decreased by four percent from 2010 to 2011, falling to only 1,200 in 2011. This is a significant decrease from the average of 5,175 new permits annually between 2004 and 2006. The construction of new homes within the region is now mostly infill, concentrated within the unincorporated areas of Knox and Loudon counties as well as in the growing community of Maryville in Blount County.

- **The region’s rental market remains strong.** The region’s rental market had an estimated 2010 vacancy rate of 6.5 percent. This is two percent less than the 2009 vacancy rate and almost four percent less than the 2000 vacancy rate. Average rental rates in 2010 ranged from around $500 for one-bedroom units to $630 for two-bedroom units and $820 for three bedroom units. Multi-family construction permits increased 43 percent in 2010 to 730 units (up from 510 units permitted in 2009), representing a return to the rental market trend experienced in the region between 2005 and 2008. The high number of students in the area partially accounts for the stability of this market, and the recession also may be driving individuals and families in younger demographics to delay purchasing homes. Apartments accounted for almost 85 percent of multi-family construction in the region in 2010, an increase of about five percent compared to the previous two years.

**HOUSING & TRANSPORTATION AFFORDABILITY**

- **Housing costs generally are affordable within the region.** For the typical regional household, housing costs were largely affordable within the PlanET region, even for moderate income households, in both 2000 and 2007. Affordable housing costs generally are considered to be less than 30 percent of household income. Under this definition of affordability, 93 percent of neighborhoods in the PlanET region were affordable for the typical household in 2007. Map 16 illustrates areas of the region that were considered unaffordable to a household earning the area median income ($45,727) in 2007. Areas of green or blue represent these unaffordable neighborhoods.

  In 2007, the average regional household spent 26 percent of its monthly income on housing, and the average cost of housing ranged from $745 to $812 per month. The average sales price for a single-family home was $171,100 in January 2011.
Combined transportation and housing costs are very unaffordable for most families in the PlanET region. In contrast to national trends, transportation costs for regional households exceeded housing costs in 2000 and 2007. Affordable transportation costs typically do not exceed 15 percent of household income. However, in 2000 the average Knoxville area household spent 26.9 percent of its income on housing and 28.7 percent of household income ($882/month) on transportation (55.6 percent combined). These costs continued to grow throughout the decade: by 2007 the average household in the region spent 26.6 percent of its income for housing and 31.9 percent of household income ($1,215 per month) for transportation. Thus, in 2007, the average regional household spent nearly 59 percent of its income on housing and transportation. This represents an increase in transportation costs for the average household of 37.8% in absolute dollars and 11.1% in the percentage of household income required for transportation.
While housing within the region generally is affordable, when transportation costs are factored into the equation, only 19 percent of neighborhoods in the PlanET region are considered affordable. Increased auto ownership, rising operating costs, and high vehicle miles traveled are responsible for the region’s high transportation costs. Map 17 depicts areas within the region in 2007 that were unaffordable for a housing earning the area median income when housing and transportation costs are considered together. The green and blue areas represent these unaffordable neighborhoods.

The loss of affordability is particularly acute for households earning less than 80 percent or less of the Knoxville area median income. Only 1.4 percent of neighborhoods in the region were affordable to families earning 80 percent of the area median income. These households faced combined housing and transportation costs equivalent to 67 percent of household income.

Map 17:
Housing & Transportation Costs
• **Location efficiency varies across the region:** Communities in which residents spend less than 45 percent of monthly household income on housing and transportation are considered “location efficient.” The City of Knoxville contains the most location efficient communities within the region. In addition, neighborhoods within Oak Ridge, Alcoa, Lenoir City, and Loudon are also considered very efficient neighborhoods. Knoxville, and to a lesser extent these other cities, have denser development, better access to jobs and transit, and are more walkable, all of which contribute to greater overall affordability.

**HOUSING GROWTH**

• **Regional housing demand is projected to increase.** The University of Tennessee’s Center for Business and Economic Research projects that regional population will increase by more than 27 percent in the next two decades (see “Demographics” section above). The U.S. Department of Housing and Urban Development’s 2011 Comprehensive Housing Market Analysis for the Knoxville Housing Market Area (which is synonymous with the five-county PlanET region) forecasts demand for an additional 7,900 new market-rate housing units, 2,500 rental units, and 150 mobile homes in the region by 2014.